

Message Text

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DRAFTED BY M/MO:KHILL
APPROVED BY M/MO:JMEALUM
M/MODE:MR. MAYS
ARA/MGT:MR. SIMMONS (DRAFT)
EB/OT: MR. BLUM (DRAFT)
ARA/PAN: MR. MILLAN (DRAFT)
ARA/ECA: MR. MILES (DRAFT)
ARA/MEX: MR. SIMCOX (DRAFT)
S/NM: MR. GIBSON (INFO)
US CUSTOMS: MR. RYAN (PHONE)
DESIRED DISTRIBUTION
US CUSTOMS - FRAUD INVESTIGATION DIVISION, TREASURY - OFFICE OF
BUDGET AND PROGRAM ANALYSIS
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TO AMEMBASSY PANAMA
INFO AMEMBASSY MEXICO

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TAGS: AODE, PN

SUBJECT: MODE- TREASURY PROPOSAL TO ESTABLISH A CUSTOMS
OFFICE

REF: PANAMA 3180

1. REFTEL PROVIDED TIMELY AND USEFUL INFORMATION ON THE
SUBJECT PROPOSAL, AS WELL AS THE AMBASSADOR'S VIEWS. THE
DEPARTMENT MUST GIVE VERY CAREFUL CONSIDERATION TO TREA-
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SURY'S FORMAL REQUEST, BECAUSE THE THREE AMERICAN POSITIONS
PROPOSED FOR THE OFFICE COULD NECESSITATE MODE CEILING
INCREASE FOR CUSTOMS AND TREASURY. SINCE THE PRESIDENT
DESIRES TO REDUCE OVERSEAS POSITIONS TO THE MINIMUM
REQUIRED FOR CARRYING OUT IMPORTANT NATIONAL OBJECTIVES,
REQUESTS FOR ANY NEW POSITIONS MUST BE THOROUGHLY WEIGHED.
2. IN CONSULTATION WITH CUSTOMS HERE WE ARE STILL

EXPLORING SEVERAL ASPECTS OF THE JUSTIFICATION FOR THIS REQUEST:

(A) ALTHOUGH THE TREASURY REQUEST STATES THAT OFFICE WOULD OPERATE EXCLUSIVELY IN PANAMA, US CUSTOMS ST THAT OFFICE WOULD ALSO HAVE REGIONAL RESPONSIBILITIES FOR SOUTH AMERICA. THUS ONE OR BOTH OFFICERS WOULD BE TRAVELING OCCASIONALLY. SINCE DISTANCES ARE GREAT IN ANY CASE, DOES THE TWO-HOUR ADVANTAGE AT MOST OVER TRAVEL FROM THE U.S. TO SOUTH AMERICA OFFSET THE COST OF A

PERMANENT OFFICE?

ERMANENT OFFICE?

- B. CUSTOMS IDENTIFIED DUMPING AND GENERALIZED SYSTEMS OF PREFERENCES (GSP) ACTIVITIES AMONG THE OFFICE'S REGIONAL TASKS. ALTHOUGH THERE ARE APPARENTLY FEW OR NO DUMPING CASES INVOLVING PANAMA ITSELF, THE OFFICE WOULD BE RESPONSIBLE FOR INVESTIGATING DUMPING CASES IN BRAZIL AND OTHER INDUSTRIAL COUNTRIES OF THE CONTINENT. (IN THE PAST 7 YEARS, ONLY 4 DUMPING FINDINGS HAVE BEEN MADE AGAINST LATIN AMERICAN COUNTRIES, HOWEVER - 1 EACH AGAINST BRAZIL AND ARGENTINA, AND 2 AGAINST MEXICO). MOREOVER, BRAZIL HAS REFUSED TO ACCEPT THE JURISDICTION OF THE REGIONAL OFFICE IN MEXICO CITY, AND THERE SEEMS LITTLE PROSPECT THAT AN OFFICE IN PANAMA WOULD FARE ANY BETTER. BRAZIL INSISTS ON DEALING DIRECT-
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LY WITH U.S. - BASED OFFICIALS ON DUMPING MATTERS. AS REGARDS GSP, CUSTOMS' PROPOSAL APPEARS TO BE BASED ON A BELIEF THAT A LARGE NUMBER OF VIOLATIONS IS OCCURRING. IN ANY CASE, THE DEPARTMENT BELIEVES THAT INVESTIGATIONS OF SUSPECTED GSP VIOLATIONS COULD BE DEALT WITH BY OCCASIONAL TRAVEL FROM THE U.S., AND WOULD NOT, THEREFORE, ALONE JUSTIFY THE ESTABLISHMENT OF A PERMANENT OFFICE ABROAD.

C. CUSTOMS HAS ASSURED THE DEPARTMENT THAT NARCOTICS ACTIVITIES WOULD NOT BE A MAJOR FACTOR IN THE CONTRABAND RESPONSIBILITIES OF THE OFFICE. CANAL ZONE OFFICIALS HAVE TOLD US, HOWEVER, THAT CUSTOMS OFFICERS FROM THE MEXICO CITY OFFICE HAVE CONSULTED FREQUENTLY WITH CANAL ZONE CUSTOMS CONCERNING NARCOTICS, AND THAT THIS ACCOUNTS FOR MUCH OF THE TRAVEL CITED IN TREASURY'S REQUEST AS A JUSTIFICATION FOR ESTABLISHING THE OFFICE IN PANAMA.

D. THE OFFICE WOULD ALSO ADVISE US BUSINESSES OPERATING OR CONSIDERING OPERATING IN PANAMA ON US IMPORT REGULATIONS AND THE TECHNICAL COMPLEXITIES OF CUSTOMS LAW. IN THE EMBASSY'S JUDGMENT, WOULD THERE

BE A SIGNIFICANT WORKLOAD IN THIS REGARD?

3. AS WE CONSULT FURTHER WITH CUSTOMS ON THESE QUESTIONS
HERE, ANY ADDITIONAL COMMENT THE EMBASSY WISHES TO MAKE
WOULD BE WELCOME. VANCE

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